

Riverside's A-Calling

Companies and people are moving to Riverside, rthanks in large measure to the new technology oriented business parks in the region.

By Becky Bergman

Amro Albanna was standing around the water cooler chatting with his co-workers one day in 1998 when he learned 14 of his 15 employees commuted to Orange County from Riverside.



Albanna, a Riverside resident himself and company co-founder and president, decided right then and there to shut down the Orange County location and move Applied Digital Solutions closer to everyone's home. Today the wireless telecommunications firm occupies 12,000 square feet in the Riverside University Research Park.

Albanna credits the interests of employee morale and affordable rents to making the move. Nevertheless, he got more than happy workers and cheap digs. He got a built-in labor force eager to find quality jobs.

By moving into the 56-acre research park, part of the larger 856-acre Riverside Regional Technology Park, Albanna put his company within a stone's throw of four colleges and universities, which generate more than 3,800 degrees annually.

Altogether, there are 25 colleges and universities within Riverside and San Bernardino counties and eastern Los Angeles that award more than 20,000 higher education degrees each year, of which 3,000 are in technology-related fields. This provides a sizable pool of technology employees for companies in the region.

"Our location gives us access to students when it comes to hiring time," says Albanna, who adds that his firm employs at least four interns or graduates each year.

"Nothing beats cheap help," says Bob Clark, CEO of Centrum Analytical Laboratory. "We have a good relationship with the university and being here in the park gives us a sense of community."

Albanna, Clark, and others like them typically turn to the local schools — such as University of California, Riverside; Riverside Community College; La Sierra University; and California Baptist University — to fill positions.

Until recently, there was a brain drain in Riverside, says Chris Buydos, who heads up Economic Development and Real Estate Services for the University of California Riverside.

"Students were getting the education they needed, but once they graduated, there was no opportunity to stick around," she says. "The quality jobs they trained for were not here."



PHOTO: SURADO SOLUTIONS

"Many people think that Riverside is in the middle of nowhere, and that's just not true. This is actually a nice community and the connection with the university will help our business."

— Sundip Doshi

Build it, and they will come

The Riverside Regional Technology Park project has turned out to be a win-win situation for everyone involved. The 39-acre University Research Park, for instance, a collaborative effort between the Riverside County Economic Development Agency, the City of Riverside, and UC Riverside, provides tenants with a fiber optic backbone designed to accommodate high-speed voice, data, and video systems for networking.

The property is ideal because it offers easy access to the 215, 60, and 91 freeways and is located less than 20 miles from Ontario International Airport.

So far, four tenants occupy roughly 24,000 square feet in the \$42 million complex. And several companies currently are working with the park to secure space. Surado Solutions recently purchased two-plus acres of the park and will break ground later this year on a 104,000-square-foot facility. Surado CEO Sundip Doshi said he was impressed with the location of the park.

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Regional Report

middle of nowhere, and that's just not true," he says. "This is actually a nice community and the connection with the university will help our business."

Doshi further calls Riverside "the best kept secret in Southern California" and credits city officials with responding to the traffic dilemma before it gets out of hand by adding a carpool lane to the 91 freeway.

Surado, which was founded in 1995, employs roughly 30 today, four of whom are students.

And he's not alone in expecting bigger things for Riverside. Phase one of the research park consists of 36 acres; phase two is comprised of another 17 acres. The project also includes the UCR Technology Transfer Center, which will act as an incubator for fledgling startups, says Buydos.

City officials hope the business park will revitalize Riverside and transform the citrus community into a hotbed of tech companies. Since Eliza Tibbets planted two Brazilian navel orange trees in 1873, Riverside has earned a reputation for being a middle-of-nowhere town that provided a convenient gas stop while on the way to somewhere – most likely the more notable Southern California locales such as Orange County, Los Angeles, or San Diego.

Today, Riverside is the 11th largest city in the state with a growing population approaching 280,000. And as the city works to shed its agriculture image, it also is trying to adopt a reputation for being the next big thing in tech growth. In fact, the Inland Empire just passed the one-millionth-job mark, says Kevin Palmer, the economic development manager for the City of Riverside.

What recession?

Palmer isn't worried, even in the face of a recession, about the city's potential.

"We've been fortunate during this recession," he says. "The area continues to grow."

It was the same during the 1991-1994 recession, Palmer notes, as Riverside gained more jobs than Los Angeles County lost.

That bravado of Palmer comes largely from the fact that Riverside is not a tech-heavy city, such as Silicon Valley or San Francisco, both of which have been hit hard since dot-com companies began folding in 2000.

While Riverside was immune to the stock market plunge in early 2000, it couldn't entirely avoid the corporate cutbacks of 2001 and the after effects of September 11, says John Husing, a Southern California



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For instance, in 1999, 54,825 jobs were created and that number jumped to 56,475 new jobs in 2000, making both 1999 and 2000 banner years for the region. Last year, however, only 34,463 jobs were added to the region.

Despite the low number of jobs created last year in comparison with the previous two years, 30 new companies – mostly industrial and retail – relocated to the city, bringing the total of taxable sales to \$120 million-plus.

Meanwhile, as Riverside works to attract the Microsofts and Ciscos of the world, Palmer stresses the importance of diversifying its business tenants. It is a strategy that will keep Riverside economically balanced and recession-proof.

Evidence of the diversity comes from non-tech-related Sedgwick Insurance. Sedgwick, which had been based in Orange County, mirrored the experiences of Applied Digital Solutions. Of the 40 employees, all but one lived in the Riverside area, so the firm in March relocated to a downtown Riverside office

Incentives



For all the CEOs still mulling over whether to adopt the 909 area code of Riverside, consider the following business benefits:

State Taxes

Companies located in the Aqua Mansa Enterprise Zone area are eligible for state tax credits up to \$19,110 per eligible employee over a five-year period; up to \$1.55 million on sales and use tax credit for new machinery or parts.

Business Expense Deduction

Companies that purchase eligible property for exclusive use in an enterprise zone may use the deduction as a business expense rather than a capital expense on state tax returns.

Employee Tax Credits

Employees who work in the Enterprise Zone may be eligible to take a state tax credit of up to \$525 on wages earned in the zone.

Contact Kevin Palmer, Economic Development Manager for the City of Riverside, at 909-826-5665 for a complete list of benefits for doing business in Riverside or an explanation of any incentive.

building.

Sedgwick's lease rate was not immediately available. But much like Albanna at Applied Digital, it's safe to say they are saving a significant amount compared to working in Orange County.

That's because office space in Riverside typically ranges from \$1.65 to \$1.90 per square foot though it can run as high as \$2.20 per square foot, says economic development manager Palmer.

In comparison, businesses in Los Angeles and Orange counties can expect to fork out as much as \$3 or more per square foot, according to a Colliers Parrish report.

It's not just an attractive office lease rate that's drawing businesses, but also affordable home prices.

Home sweet home

With an excess of 260,000 residents, 16,000-plus businesses, and 115,000 jobs, Riverside is the largest city in the Inland Empire, which is comprised of Riverside and San Bernardino counties. By 2030, it is expected that more than 7 million people will inhabit the entire metro area, Husing says.

Even with all that growth, Riverside remains one of the few affordable areas to buy a home. During the third quarter last year, a record 3,482 new homes were sold throughout Riverside County, up 3.42% from the previous year. The City of Riverside led with the highest number of new home sales in the county with a whopping 1,392 single-family units.

For Palmer and others promoting Riverside, it is one more reason for a business to locate its offices in the region.

"We have a wide variety of homes here that someone could choose from," says Palmer. "And they cost a lot less than LA or Orange County."

In fact, the median new home price in Riverside was \$240,000, while the median price on existing homes was a mere \$167,000. And consider that a 2,000 square foot home in Riverside typically starts around \$210,000, compared to Orange County and Los Angeles where 2,000-square-foot homes start around \$275,000 and \$400,000-plus, respectively.

"We really have everything here," says Palmer. "Riverside is a lower cost alternative to other high tech areas. Look at Silicon Valley for example. It's much more expensive to have what we have here, especially from a business standpoint."

Becky Bergman is an East Bay-based freelancer, who has written for Business 2.0, Real Estate Northern California, and GlobeSt.com.

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